BRIDGING THE GAP:

Examining Small- and Medium-Scale Farmers' Perceptions of Selling to Low-Income Consumers

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Introduction

Local food advocates increasingly recognize the importance of improving food access for low-income consumers, while simultaneously supporting small- and medium-scale farmers. As a result, a range of initiatives aim to facilitate low-income consumers' ability to purchase local food. Strategies often include creating mobile produce markets, subsidizing Community Supported Agriculture (CSA[1]) shares, accepting SNAP/EBT [2] benefits and offering incentive programs at farmers' markets, among others. However, because prices are one of the primary factors impeding access for low-income consumers, there is an inherent challenge associated with increasing food access while fairly compensating farmers.

With the assistance of Dr. Mary Hendrickson and Mary Pershing of the University of Missouri, RAFI reviewed existing scholarship on the impact on farmers of selling into low-income communities. The review, conducted in 2014 and 2015, identified a need for qualitative studies to further explore the barriers to income generation for farmers selling into low-income communities, and what market potential there is if the barriers are addressed.

RAFI partnered with researchers at NC State University in 2016 to conduct qualitative research about small- and medium-scale farmers' perceptions of selling to low-income consumers, including the barriers they face and the strategies they employ. We conducted semi-structured interviews with 29 farmers in North Carolina. We drew on a survey of past RAFI grant recipients to identify farmers who sold to low-income consumers. We contacted farmers who self-identified as having sold over 50% of their sales to low-income consumers; this population formed half of our sample. We also used existing networks to maximize diversity in our sample in terms of race, ethnicity, gender, and region (see Tables 1, 2 and 3 for sample demographics). We aimed to include farmers who sold produce through both direct (farmers' markets, CSAs, You-Pick) and wholesale markets (food hubs, conventional

Table 1. Sample demographics by race/ethnicity

White	41.4% (12)
Black	27.6% (8)
Asian	13.8% (4)
Latino	10.3% (3)
Other	6.9% (2)

Table 2. Sample demographics by gender

Men	58.1% (18)
Women	41.9% (13)

Note: Interviewed two male-female pairs.

1 In Community Supported Agriculture (CSA), consumers pay a farmer for a "share" at the beginning of the season, and then receive a box of food every week throughout the growing season.

2 Supplemental Nutrition Assistance Program Electronic Benefit Transfer, formerly known as food stamps.

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distributors). The largest share of farmers used a combination of direct and wholesale markets. While recognizing that definitions of "sustainable" vary widely, we note that most farmers who participated in this study self-identified as sustainable farmers and adopted at least some practices that are commonly considered sustainable (for example, crop rotation, cover cropping, and integrated pest management). The majority of the farms in this sample had fewer than 100 acres; the largest farm had 700 acres, and over half of the farms had 10 acres or less (including four farmers who had small plots at incubator farms).

Table 3. Sample demographics by income	
Low-Income (less than $10,000 gross farm sales in previous year, or self-identified as qualifying for federal assistance)	27.6% (8)
High-Income (above $10,000 gross farm sales in previous year)	72.4% (21)

Table 4. Sample demographics by market outlet	
Direct	27.5% (8)
Wholesale	24.1% (7)
Direct and Wholesale	41.4% (12)
Only Donations	6.9% (2)

We transcribed the interviews verbatim, and conducted thematic coding in order to identify key issues related to farmers' motivations, barriers, and strategies for selling to low-income consumers. While our analysis provides insights into bridging the gap between small-scale farmers and low-income consumers, it is important to note that our findings are not representative of, or generalizable to, the overall farming population. Most importantly, our sample targeted farmers who were already selling to low-income consumers; therefore, it is not surprising that many farmers identified reaching and educating low-income populations as a primary motivation for their work. We also found an overall positive attitude towards recipients of federal nutrition programs and towards the programs themselves, despite some latent assumptions that farmers made about what types of people qualify as "low-income." Finally, most of the farmers in our sample are small, and lack the volume needed to benefit from economies of scale; therefore, they often needed to charge higher prices in order to remain viable.

Motivations

Many of the farmers who we spoke to were motivated by health concerns. They expressed concerns about public health in general (i.e. the rise in diet-related diseases), as well as about their personal health and the health of farm workers. These health concerns affected farmers' decisions about what crops to grow, the practices they used, and the consumers they targeted. For example, one farmer attributed her decision not to use synthetic pesticides to a family history of cancer, while another related a negative incident with fumigants as his motivation for changing his farming practices. For many of the farmers in our study, health was one of the main reasons they chose to farm sustainably.

Health concerns also motivated farmers to target low-income consumers. For example, when asked what motivated him to shift from growing row crops (such as soy and corn) to produce, one farmer said, *"We were looking for a change and we were looking for a way to make a difference in the community, providing healthier food for the community..."* Another, when asked about how he defined sustainability, specifically related it to healthy eating: *"When you say sustainability you talking economically or the quality of the soil? I mean, I am concerned, because quite honestly people are not eating well."*

Many farmers also recognized that community health is intricately related to access to healthy food. For example, one farmer made the comment, *"People are looking for healthy foods but a lot of people can't obtain healthy foods. So we plant healthy foods and people know that they're there, and you let them harvest them themselves, pick them themselves at a reduced price."* This farmer saw his You-Pick operation as a way to facilitate low-income consumer access to healthy food.

In addition, many farmers shared a view that consumer education is an important part of farming and direct marketing. For example, one farmer, when asked about his future plans, said, *"I'd say it doesn't really have to do with farming practices as much as it has to do with the corollary to farming, which is education… Education is one of the core missions that we have at our farm. Particularly oriented towards children, but low-income people, in particular..."* Many farmers described their role as including consumer education, such as providing recipes and explaining the hidden costs of conventional food and the reasons that food from small-scale farms can be more expensive.

Perceptions of Consumers

Many farmers in this study stated that white women—including both mothers of young children and older women—were their primary customer base. Most farmers said that they already accepted or were interested in learning how to accept federal nutrition assistance benefits such as SNAP/EBT and the Women, Infants and Children Farmers Market Nutrition Program (WIC FMNP). Many farmers felt that their ability to accept these benefits at market gave them a way to both serve low-income consumers and generate additional income through a new revenue stream. Farmers' perceptions of these programs were generally positive.

Despite generally positive impressions of federal food programs, farmers' impressions of who qualified for these programs reveal some assumptions about low-income populations and their interest and ability to purchase and prepare local food. For example, one farmer said that she was surprised by how many people used food stamps for her products. She stated, *"It turns out that even people on food stamps would prefer to buy local honey than they would grocery store honey, even if it's priced a little more. So I was amazed how my sales were increased the last year or two even having to go up on the pricing. But I'll tell you, when you talk low income here, it's white people, I'm not saying a lot of Hispanics or a lot of black folks."* This farmer explained that the low-income population in her area was comprised mainly of younger white individuals who were interested in local food, but could not afford much because they tended to wait tables. She assumed that this was not typical. Her view was echoed by another farmer, who explained that he thought that many people on food stamps after the recession were "middle- income people," meaning that their socio-economic status had changed due to unemployment, but that they were not the "traditional EBT recipients." Both of these farmers were expressing an expectation that the "traditional" SNAP recipient is a person of color who is experiencing chronic or multi-generational poverty. This is a common misconception. According to the USDA (2015) 39.3% of SNAP participants are white, while 25.8% are African American and 11.4% are Hispanic.[3] Most participants receive SNAP for a relatively short period of time; the USDA (2014) also notes that about half of SNAP households exit the program within one year, and two-thirds exit within two years.[4]

Farmers' perceptions of the prices that consumers would be willing to pay for local food varied. Like the farmer quoted above, some were surprised that low-income consumers would pay more for a local product. Others lamented that consumers, in general, expected lower prices at a farmers' market than a supermarket. One farmer attributed this to a Cooperative Extension program in a neighboring state that, in an attempt to promote local food consumption by low-income consumers, had suggested that prices in the peak production season would be lower at the farmers' market. However, this farmer employed organic methods, which meant that she charged higher prices to cover higher costs. She said, *"The extension bulletins that come out from over there say this is the time of year where everything is abundant, you can get bargains. And so then we have people come into the market and they're wanting cheap, they want it real cheap… But that wasn't our niche, you know, the niche that allowed us to keep doing what we're doing is a little bit higher of a price."* Other farmers related similar frustrations. They felt that consumers did not understand that farming sustainably and at a smaller scale made it hard for them to compete with supermarket prices.

Other farmers, however, aimed to keep their prices lower, and specifically priced their products to be affordable for lower income consumers. For example, one explained, *"We've had a number of people say that our prices are too low at [the local] Farmers' Market, that we could get a higher price. We try to be fair...you know, what would be a fair price that supports us in our efforts, but also encourages people to look to the market as a source for really strong, healthy food, fresh food, but that's still within the range of affordability."* One farmer worried that consumers' assumption that prices are higher at farmers' markets might keep them from shopping there.

Farmers also expressed a general perception that consumers (including low-income, as well as wealthier consumers) did not know how to cook. For example, one farmer said, *"But if it don't come from the grocery store, they don't know how to do it, or what it is, or how to cook it."* Because of this, many farmers felt responsible for providing recipes and cooking advice.

Farmers cited an inability to prepare food as a key reason why consumers choose large retail stores and fast food over the farmers' market. However, according to

3 U.S. Department of Agriculture, Food and Nutrition Service, Office of Policy Support, *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2015*, by Kelsey Farson Gray, Sarah Fisher, and Sarah Lauffer. Project Officer, Jenny Genser. Alexandria, VA, 2016. https://fns-prod.azureedge.net/sites/default/files/ops/Characteristics2015.pdf

4 U.S. Department of Agriculture, Food and Nutrition Service, Office of Research and Analysis, *Dynamics of Supplemental Nutrition Assistance Program Participation from 2008 to 2012*, by Joshua Leftin, et al., Project Officer: Jenny Laster Genser, Alexandria, VA: 2014. https://www.fns.usda.gov/sites/default/files/ops/Dynamics2008-2012.pdf

a 2014 study by the USDA, other factors—including location and hours—play a larger role in SNAP consumers' decisions to shop at retail outlets other than farmers' markets.[5] In addition, while time spent cooking has decreased over the last forty years, low-income populations generally spend more time cooking than wealthier groups.[6]

Barriers

The biggest barrier to farmers' ability to sell to low-income consumers was financial sustainability. Many farmers mentioned a tension between increasing food access and their own need to survive economically, including covering their costs and paying their employees fair wages. One farmer said, *"I hope I am not pricing folks out, you know, it's tough because, number one, I try to pay my help good, fairly decent, so I got to charge, you know, I don't want to lose money out here."* Farmers' economic challenges were exemplified by their responses to a question about sustainability. When asked to define sustainability, many focused first on economic sustainability, or the ability of their farm to survive. One farmer summed this up in his response to the question of how sustainability fit into his operation: *"Sustainability is very important, it's, you know, you can't farm if you don't make money. It's tight, it's hard to make money on a small farm, it is difficult."*

Additional barriers included limited access to credit and capital, as well as crop insurance. Some farmers said that they had difficulties getting loans as a small farmer, due to the debt they or their family farms had incurred, or because of the 2008 recession. For example, one farmer stated that her biggest challenge was "credit and crop insurance." She explained, *"When you have this kind of commodity, they are so expensive to grow…that [crop insurance or access to credit] could make the difference between you being able to go forward or being bankrupt."*

Another barrier was an insufficient consumer base. Several farmers specifically mentioned market saturation at farmers' markets. For example, one farmer sold at some of the best-known farmers' markets in the state, but said that the customer base was inadequate. He explained, *"With market proliferation over the last ten years, all of a sudden we've got [all of these markets]. All we're doing is cannibalizing the same customer base. More farmers' markets equals more farmers, but it doesn't translate to [the customers] having more money to spend. So what you have to do is differentiate yourself."* The issue of market saturation leads farmers to constantly search for the next niche product in order to set themselves apart and charge higher

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5 Karakus, Mustafa, MacAllum, Keith, Milfort, Roline and Hao, Hongsheng. Nutrition Assistance in Farmers Markets: Understanding the Shopping Patterns of SNAP Participants. Prepared by Westat for the U.S. Department of Agriculture, Food and Nutrition Service, October, 2014. Available online at https://www.fns.usda.gov/snap/nutrition-assistance-farmers-markets-understanding-shopping-patterns-snap-participants

6 Smith, L. P., Ng, S. W., & Popkin, B. M. (2013). Trends in US home food preparation and consumption: analysis of national nutrition surveys and time use studies from 1965–1966 to 2007–2008. *Nutrition Journal*, 12(1), 45.

prices to help them get a fair return on investment.

Farmers also cited not knowing how to engage with low-income consumers, and not knowing which customers were low-income, as a barrier. Many farmers' markets use the same card readers for SNAP/EBT cards and credit/debit cards and have a central location where customers run their cards and receive tokens in exchange. These systems can make it hard for farmers to know which consumers are using SNAP. While one farmer praised this system since it kept low-income customers from being stigmatized, it also impeded farmers' ability to cater specifically to these consumers. Farmers also mentioned that markets adjacent to low-income housing projects failed to attract low-income consumers. Farmers gave different reasons for the perceived lack of interest among low-income consumers, but many were not sure how to solve the problem. One farmer said of low-income consumer access to farmers' markets, *"I think a big barrier is the access to the market. Most folks, you're not going to walk there, and if you don't have a car that's a big barrier. It's Saturday morning from 8 to noon, not everyone has the weekends off. It's like the same problems with poverty everywhere, that it's access."* Research on this topic reinforces this farmer's assessment that major barriers include transportation and hours of operation.[7]

Finally, some farmers cited administrative difficulties as a barrier to serving low-income consumers. WIC Farmers' Market Nutrition Program (FMNP) benefits are often seen as easier for farmers' markets to establish, since WIC recipients are given paper vouchers that do not require the same type of equipment that is needed to accept SNAP/EBT. However, some farmers felt that the expiration dates and tight timelines to redeem these vouchers made WIC a challenging program to use.

Strategies

Farmers mentioned a number of strategies that they employed to try to reach low-income consumers. Some farmers stated that they tried to connect with organizations that already had close relationships with low-income communities. In this way, they could sell produce to low-income consumers by tapping into these organizations' existing community connections. One farmer reflected on this strategy, saying, *"I think the best ways that we can [reach low-income consumers] is getting with the organizations that are trying to do work in that area and produce the food for them, let them know that we'll produce it…"* In several instances, these organizations

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7 Karakus, Mustafa, MacAllum, Keith, Milfort, Roline and Hao, Hongsheng. Nutrition Assistance in Farmers Markets: Understanding the Shopping Patterns of SNAP Participants. Prepared by Westat for the U.S. Department of Agriculture, Food and Nutrition Service, October, 2014. Available online at https://www.fns.usda.gov/snap/nutrition-assistance-farmers-markets-understanding-shopping-patterns-snap-participants;
Ver Ploeg, M., Breneman, V., Farrigan, T., Hamrick, K., Hopkins, D., Kaufman, P., . . . Tuckermanty, E. (2009). *Access to Affordable and Nutritious Food—Measuring and Understanding Food Deserts and Their Consequences: Report to Congress* (No. AP-036) (p. 160). United States Department of Agriculture, Economic Research Service.

were food hubs that have a social mission to serve both low-resource farmers and consumers. These food hubs served institutional buyers (e.g., schools and food pantries) and also operated markets in low-income housing developments.

Some farmers also stated that they tried to reach low-income consumers through You-Pick operations or farm stands. Because of low overhead and low labor costs, especially in the case of You-Pick, farmers felt that these marketing venues allowed them to offer lower prices. However, most of the farmers were unsure whether their You Pick customers were low-income or middle class.

Farmers also mentioned that outlets such as farm stands and You-Pick helped them to sell “seconds,” or produce that does not meet industry grading standards due to size, shape, color, or ripeness. One farmer cited this as an important strategy in the case of elderly consumers who wanted to purchase smaller-sized produce to fit their household size. Other farmers sold lower-grade products (e.g., pickling cucumbers or canning tomatoes) in bulk as a strategy to reach a non-traditional customer base.

Some farmers also mentioned the idea of setting higher prices for affluent consumers in order to subsidize low-income consumers. This was mentioned in terms of separate markets (i.e. subsidizing participation at a farm stand in a low income housing community with higher priced sales to restaurants), as well as within a CSA program (although the farmer who mentioned this felt it was too logistically complicated). Another farmer suggested the need to look beyond farmers’ markets in order to reach low-income consumers where they actually shop. This farmer gave the example of selling at an outdoor flea market that is frequented primarily by Latino customers.

Finally, several farmers mentioned food banks as outlets for excess produce and/or as potential new markets.

Conclusion/Recommendations

The farmers in this study were passionate, resilient, and committed to sustainable farming and improving community health. However, their ability to sell to low-income consumers was restricted by their need to cover their own costs, which are often higher due to their small scale and labor-intensive farming practices. Subsidies for low-income consumers can help bridge this gap. These subsidies most often come from consumers’ federal nutrition assistance benefits (such as SNAP and WIC) and sometimes from grant funding (such as funding that supports “double bucks” incentive programs).

Historically, conversations around increasing access to local food for low-income consumers have focused largely on increasing the use of federal nutrition assistance programs at farmers’ markets. However, we believe that policies that create a more supportive environment for sustainable farmers are also critical. These might include easily accessible crop insurance and credit for diversified farms. Essentially, if we as a society expect sustainable farmers to provide healthy food to low-income consumers, we need to find ways to support their efforts.

In addition to supporting farmers, it is important to address the wide range of factors that impede food access for low-income consumers. These factors include not only high food prices, but also whether and how farmers' markets accept federal food assistance (e.g., SNAP benefits and WIC vouchers), the location and timing of markets, and other intangible factors that may contribute to the perception that farmers' markets are spaces for affluent or white consumers. In addition, to improve access to food, we must look beyond the food system to address the root causes of poverty. Local food advocates should form alliances with organizations that work on other key aspects of poverty alleviation. These include the issues of affordable housing, affordable healthcare, public transportation, and a living wage.

Finally, it is important that projects that attempt to connect farmers and low-income consumers make intentional efforts towards community engagement and participation. Often "outreach" is done *to* low-income consumers and not *with* them. Using participatory strategies to understand consumers' existing priorities will help to tailor food system strategies to meet their needs, thus increasing their chances of success.

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